



US. Department of Housing and Urban Development

Buffalo Office  
465 Main Street  
Buffalo, New York 14203-1780

February 22, 2001

Mr. Robert Corp  
Continental Securities Corporation  
One Mpony Plaza  
Syracuse, NY 13202

Dear Mr. Corp:

Subject: MAP Application for Firm Commitment  
014-22019, Brylin Hospital, Buffalo and Alden, NY

In accordance with paragraph 11.2 of the MAP Guide, we have screened the application for Firm Commitment under Section 232 pursuant to 223f that you submitted for the subject proposal. Based on our screening, the deliverables are complete and acceptable for consideration. The application has been provided to the HUD technical reviewers, and you will be advised if additional information and/or clarification is required during our review.

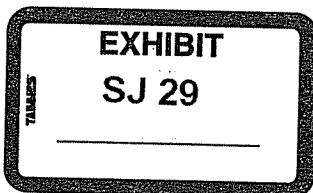
Please contact me at (716) 551-5755, extension 5531, if you have any questions during our review of this application.

Sincerely,

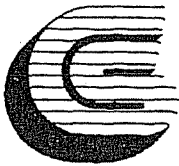
A handwritten signature in dark ink, appearing to read "DR", is positioned above the typed name.

Diane M. Rosinski  
MAP Coordinator

cc: CF, PF  
2CHMP:Rosinski:DR 5531 2/22/01



HUD 0044



CONTINENTAL SECURITIES, LLC

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May 31, 2001

Ms. Diane Rosinski  
U.S. Dept. of Housing & Urban Development  
Buffalo Office  
465 Main Street  
Buffalo, New York 14203-1780

**Re: Brylin Hospitals**  
**Project No. 014-22019**

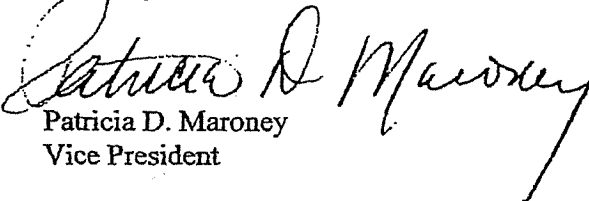
Dear Diane:

Please be advised that we have sold the GNMA Securities that will be funding this loan and have achieved a permanent interest rate of 7.40%. We would appreciate an amendment to the Firm Commitment to reflect this and to reflect the new monthly payment to principal and interest of \$46,781.31.

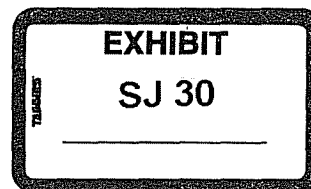
We would also like to confirm the final repair escrow number. Bob Corp from Continental faxed to your attention last Tuesday the Certification of Inspection of Critical Repairs and the few Non-Critical Repairs that were completed. That letter also summarized our calculation of the remaining Non-Critical Repairs to be completed. Please confirm the uncompleted repairs at \$272,285. With the additional 50% escrow, the total escrow will be \$408,428.

Because of GMAC Commercial Mortgage's schedule, we are unable to close tomorrow. We would like to try to close Tuesday, June 5<sup>th</sup>. Please let us know if that will fit in with your schedule.

Cordially,

  
Patricia D. Maroney  
Vice President

PDM/cc



HUD 0064

ONE MONY PLAZA, SUITE 800, SYRACUSE, NY 13202 (315) 424-1994 • FAX (315) 424-1908  
452 FIFTH AVENUE, 25TH FLOOR, NEW YORK, NY 10018 (212) 840-2060 • FAX (212) 869-6418

HUD 00698

**CLOSING SETTLEMENT STATEMENT**

CLOSING DATE: 06/05/01

BRYLIN HOSPITALS  
 Buffalo & Alden, New York  
 GMACCM Loan No. 10-1033009  
 FHA Project No. 014-22019

	<u>Debit</u>	<u>Credit</u>
<b><u>LOAN PROCEEDS &amp; OTHER LOAN CHARGES</u></b>		
Mortgage Loan Proceeds		\$ 7,012,500.00
Good Faith Deposit		\$ 35,062.50
Reimburse - FHA MIP Fee	\$ 70,125.00	
Reimburse - FHA Inspection Fee	\$ 3,284.00	
Interest through 06/30/01	\$ 36,964.52	
Financing Fee	\$ 140,250.00	
Permanent Placement Fee	\$ 105,187.50	
GMACCM Legal Fees	\$ 21,244.50	
Environmental Report Fee	\$ 150.00	
<b><u>FUNDS DUE FOR REQUIRED ESCROWS:</u></b>		
MIP: \$35,062.50 due 08/01/02; \$2,921.88/month; 57 days @ 1%	\$ 10,950.84	
Property Insurance: \$30,527.27 due 03/15/02; \$2,543.94/month; 5 months	\$ 12,719.70	
Liability Insurance: \$75,033.24 due 03/15/02; \$6,252.77/month; 5 months	\$ 31,263.85	
School Taxes: \$15,104.72 due 09/01/01; \$1,258.73/month; 11 months	\$ 13,846.03	
County Taxes: \$21,139.31 due 01/01/02; \$1,761.61/month; 7 months	\$ 12,331.27	
City Taxes: \$98,181.66 due 07/01/01 & 12/01/01; \$8,181.81/month; 8 months	\$ 65,454.48	
Sewer Taxes: \$4,124.74 due 09/01/01; \$343.73/month; 11 months	\$ 3,781.03	
Reserve for Replacements: \$75,000.00/year; \$6,250.00/month; commencing 08/01/01	\$ -	
Initial Deposit to Replacement Reserves	\$ 550,000.00	
Repair Escrow (150%)	\$ 408,728.00	
<b><u>MONIES DUE THIRD PARTIES:</u></b>		
Third Party Disbursements (See Closing Payee List)	\$ 6,016,508.20	
Monroe Title Insurance Corporation	\$ 52,260.00	
<b>SUBTOTALS:</b>	<u>\$ 7,555,048.92</u>	<u>\$ 7,047,562.50</u>
<b>CASH REQUIRED FROM MORTGAGOR:</b>		<u>\$ 507,486.42</u>
<b>TOTALS:</b>	<u>\$ 7,555,048.92</u>	<u>\$ 7,555,048.92</u>

EXHIBIT

SJ 31

HUD 0068

BRYLIN HOSPITALS  
 Buffalo & Alden, New York  
 GMACCM Loan No. 10-1033009  
 FHA Project No. 014-22019

SEE ATTACHED CLOSING PAYEE LIST INCORPORATED HEREIN BY THIS REFERENCE.

\* **MONTHLY MORTGAGE PAYMENT BREAKDOWN:**

FHA Mortgage Insurance Premium (MIP)	\$2,921.88
Property Insurance Escrow	\$2,543.94
Liability Insurance Escrow	\$6,252.77
School Tax Escrow	\$1,258.73
County Tax Escrow	\$1,761.61
City Tax Escrow	\$8,181.81
Sewer Tax Escrow	\$343.73
Principal & Interest Payment	\$47,281.26
Replacement Reserve Deposits	\$6,250.00

TOTAL MONTHLY MORTGAGE PAYMENT:

**\$76,795.73**

\* Commencing with the payment due August 1, 2001.

Mortgage Payments are due on the 1st day of every month are are subject to a late charge if not received by the 15th day of the month. Payments should be sent to the following address:


GMAC Commercial Mortgage Corporation  
 P.O. Box 905111  
 Charlotte, NC 28290-5111

The undersigned hereby certifies that, to the best of their knowledge and belief that the foregoing certified closing statement and attached payee list represents all sources and uses of funds for referenced project at endorsement as of the 5th day of June, 2001.

**Mortgagor:**

LINREAL CORP., a New York corporation

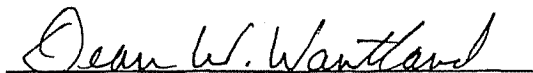
By:

  
 Eric D. Pleskow, President

**Mortgagee:**

GMAC COMMERCIAL MORTGAGE CORPORATION, a California corporation

By:

  
 Dean W. Wantland, Vice President

HUD 0069

## Closing Payee List

CLOSING DATE: 06/05/01

BRYLIN HOSPITALS  
Buffalo & Alden, New York  
GMACCM Loan No. 10-1033009  
FHA Project No. 014-22019

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
1 Third Party Disbursements: <i>Remit Per Payee's Instructions</i>	<b>\$6,016,508.20</b>	Payees/Amounts Listed Below
a Key Bank National Association	\$3,750,000.00	
b Heller Healthcare Finance, Inc.	\$1,350,000.00	
c OneSource Financial / Charter Financial / Wells Fargo	\$ 53,619.32	
d Real Property Taxes	\$ 573,284.09	
e A. Gareleck & Sons	\$ 8,383.77	
f Renaldo, Myers & Palumbo, P.C. for Wilsandra Construction Co.	\$ 13,691.74	
g H.C. Watson Corp. and Michael M. Babat	\$ 39,450.71	
h State of New York Dept. of Labor	\$ 72,848.77	
i De Lage Landen Financial Services, Inc.	\$ 5,062.50	
j Northeastern Leasing & Finance Corp.	\$ 4,386.82	
k Warren-Hoffman & Associates, Inc.	\$ 70,867.70	
l Wilsandra Construction Company, Inc.	\$ 3,118.16	
m Buffalo Glass Block Company	\$ 669.00	
n A.A.C. Contracting, Inc.	\$ 9,172.44	
o ATI Services, Inc.	\$ 40,170.60	
p New York State Dept. of Taxation & Finance	\$ 1,032.58	
q Gar Associates, Inc.	\$ 15,000.00	
r Frandina Engineering	\$ 5,750.00	
2 Monroe Title Insurance Corporation	<b>\$ 52,260.00</b>	Charges Detailed Below
	\$ 15,011.00	Title Charges
	\$ 35,717.00	Mortgage Tax
	\$ 1,282.00	Recording Expenses
	\$ 250.00	Escrow Fees
3 Continental Securities, LLC <i>Remit Per Payee's Instructions</i>	<b>\$ 245,587.50</b>	
	\$ 140,250.00	Financing Fee (2.00%)
	\$ 105,187.50	Permanent Placement Fee (1.50%)
	\$ 150.00	Environmental Report
4 GMAC Commercial Mortgage Corp. <i>Retained from Loan Proceeds</i>	<b>\$1,205,630.72</b>	Charges Detailed Below:
	\$ 70,125.00	Reimburse - FHA MIP
	\$ 3,284.00	Reimburse - FHA Inspection Fee
	\$ 36,964.52	Prepaid Interest (26 days)
	\$ 21,244.50	GMACCM Legal Fees
	\$ 10,950.84	MIP - 06/05 thru 07/31 (57 days @ 1%)
	\$ 12,719.70	Property Insurance Escrow
	\$ 31,263.85	Liability Insurance Escrow
	\$ 13,846.03	School Tax Escrow
	\$ 12,331.27	County Tax Escrow
	\$ 65,454.48	City Tax Escrow
	\$ 3,781.03	Sewer Tax Escrow
	\$ 550,000.00	Initial Deposit to Replacement Reserves
	\$ 408,728.00	Repair Escrow (150%)
	\$ (35,062.50)	Credit: Good Faith Deposit
<b>TOTAL USE OF FUNDS:</b>	<b>\$7,555,048.92 *</b>	

HUD 0070

\* Does not include credit for prepaid Good Faith Deposit held by GMACCM.

Brylin Hospitals  
Buffalo, New York  
FHA Project No. 014-22019

### HOSPITAL'S UNDERTAKING

Lender: GMAC Commercial Mortgage Corporation

Borrower: Linreal Corp.

Property: 1263 and 1255 Delaware Avenue, Buffalo, New York 14209, and 11438 Genesee Street, Alden, New York 14004 (FHA Project Number 014-22019)

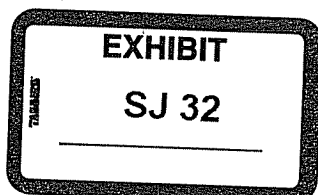
Loan Amount: \$7,012,500.00

Date: June 5, 2001

Bry-Lin Hospitals, Inc. (the "Hospital") hereby affirms, certifies and warrants to the Lender, that any and all representations made by the Hospital in any application for a loan to the above Borrower on the property address listed above, and/or in the application to the U.S. Department of Housing and Urban Development ("HUD") for mortgage insurance, remain in force and effect exactly as represented. The Hospital further warrants that there has been no material adverse change in the financial and/or economic condition of the Hospital, up to and including the day of closing, that would be detrimental to the Lender and/or HUD's interest and/or affect repayment of the above Loan. The Hospital acknowledges that Lender and HUD are relying upon this affirmation in advancing the proceeds of the above Loan.

In consideration of the above Loan made by the Lender to the above Borrower, and in consideration of the Lender and HUD's consent to the Hospital leasing of the above property from the above Borrower, and to induce the Lender to make said Loan, the Hospital does hereby represent and promise as follows:

1. Upon request made by the Lender the Hospital will execute such documents as are reasonable to provide assurance to the Lender:
  - (A) that the obligations undertaken by the Hospital in connection with the above Loan will be faithfully performed;
  - (B) that any and all documents and instruments signed by the Hospital in connection with the above Loan are accurate statements as to the truth



of the matters set forth therein and constitute binding obligations upon the Hospital according to their tenor; and

- (C) as to the amount of the Loan outstanding from time to time, and the date and amount of payments in respect of the Loan.

2. Upon request made by the Lender, the Hospital will re-execute any document or instrument signed in connection with the above Loan or execute any document or instrument that ought to have been signed at or before the closing of the above Loan, or which was incorrectly drafted and signed, to facilitate the sale of the Loan or participation therein into any secondary mortgage market or other capital market.

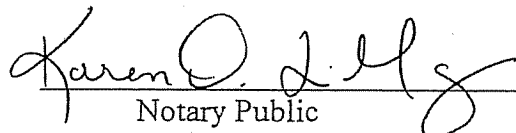
3. All such requests set forth in Paragraphs 1 and/or 2 hereof shall receive the full cooperation, compliance and performance by the Hospital within seven (7) days of the making of such requests.

BRY-LIN HOSPITALS, INC.

By:   
Eric D. Pleskow, President

STATE OF NEW YORK     )  
COUNTY OF ERIE        ) ss.:

On the 5 day of June, in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Eric D. Pleskow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

  
Notary Public

KAREN D. TUNIS-MANNY  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 4-28-02

Brylin Hospitals  
Buffalo, New York  
FHA Project No. 014-22019

### BORROWER'S UNDERTAKING

Lender: GMAC Commercial Mortgage Corporation

Borrower: Linreal Corp.

Property: 1263 and 1255 Delaware Avenue, Buffalo, New York 14209, and 11438 Genesee Street, Alden, New York 14004 (FHA Project Number 014-22019)

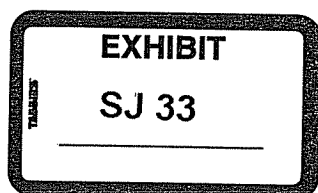
Loan Amount: \$7,012,500.00

Date: June 5, 2001

The Borrower hereby affirms, certifies and warrants to the Lender, that any and all representations made by the Borrower in any application for a loan on the property address listed above, and/or in the application to the U.S. Department of Housing and Urban Development ("HUD") for mortgage insurance, remain in force and effect exactly as represented. The Borrower further warrants that there has been no material adverse change in the financial and/or economic condition of the Borrower, up to and including the day of closing, that would be detrimental to the Lender and/or HUD's interest and/or affect repayment of the above Loan. The Borrower acknowledges that Lender and HUD are relying upon this affirmation in advancing the proceeds of the above Loan.

In consideration of the above Loan made by the Lender to the undersigned Borrower and to induce the Lender to make said Loan, the undersigned Borrower does hereby represent and promise as follows:

1. Upon request made by the Lender the undersigned Borrower will execute such documents as are reasonable to provide assurance to the Lender:
  - (A) that the obligations undertaken by the undersigned Borrower in connection with the above Loan will be faithfully performed;
  - (B) that any and all documents and instruments signed by the undersigned Borrower in connection with the above Loan are accurate statements as to the truth of the matters set forth therein and constitute binding obligations upon the undersigned Borrower according to their tenor;  
and

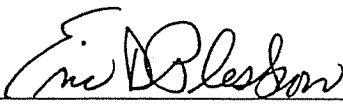


(C) as to the amount of the Loan outstanding from time to time, and the date and amount of payments in respect of the Loan.

2. Upon request made by the Lender, the undersigned Borrower will re-execute any document or instrument signed in connection with the above Loan or execute any document or instrument that ought to have been signed at or before the closing of the above Loan, or which was incorrectly drafted and signed, to facilitate the sale of the Loan or participation therein into any secondary mortgage market or other capital market.

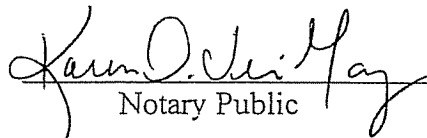
3. All such requests set forth in Paragraphs 1 and/or 2 hereof shall receive the full cooperation, compliance and performance by the undersigned Borrower within seven (7) days of the making of such requests.

LINREAL CORP.

By:   
Eric D. Pleskow, President

STATE OF NEW YORK     )  
COUNTY OF ERIE        ) ss.:

On the 5 day of June, in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Eric D. Pleskow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

  
Notary Public

KAREN D. TUNIS-MANNY  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 4-28-02

**MAXIMUM MORTGAGE CALCULATION**  
 BRYLIN HOSPITALS / BUFFALO, NY / FHA PROJECT NO. 014-22019

	Initial Form HUD 92264-A, dated 2/15/01 (Exhibit SJ9)	Revised Form HUD 92264-A, dated 4/23/01 (Exhibit SJ11)	Cost Certification Amounts (Substituting Heller Debt of \$554,992)
<b>Mortgage or Loan Amount Requested In Application</b>	<u>\$7,012,500</u>	<u>\$7,012,500</u>	<u>\$7,012,500</u>
<b>Amount Based on Value or Replacement Cost</b>			
a. Value (Replacement Cost) in Fee Simple - 85% of Appraisal Amount	<u>\$7,012,500</u>	<u>\$7,012,500</u>	<u>\$7,012,500</u>
<b>Amount Based on Debt Service Ratio</b>			
a. Mortgage Interest Rate	7.500%	7.500%	7.500%
b. Mortgage Insurance Premium Rate	0.50%	0.50%	0.50%
c. Initial Curtail Rate	0.590911%	0.590911%	0.590911%
d. Sum of Above Rates	8.590911%	8.590911%	8.590911%
e. 85% of Net Income	<u>\$807,095</u>	<u>\$807,095</u>	<u>\$807,095</u>
f. Line e divided by line d	<u>\$9,394,700</u>	<u>\$9,394,700</u>	<u>\$9,394,700</u>
<b>AMOUNT BASED ON EXISTING INDEBTEDNESS, REPAIRS &amp; LOAN CLOSING CHARGES - SECTION 223(f)</b>			
A. TOTAL EXISTING INDEBTEDNESS - <u>SEE BELOW</u>	\$5,746,546	\$5,746,546	<b>\$5,064,375</b>
B. REQUIRED REPAIRS	\$328,417	\$411,728	\$331,911
C. OTHER FEES (Arch., Inspection, Engineering)	\$3,284	\$3,284	\$3,284
D. LOAN CLOSING CHARGES - <u>SEE SHEET 2</u>	<u>\$998,173</u>	<u>\$998,173</u>	<u>\$950,776</u>
E. SUM OF LINES A THROUGH D	<u>\$7,076,420</u>	<u>\$7,159,731</u>	<u>\$6,350,346</u>
<b>Maximum Mortgage Amount - Equals Lowest of Amounts Above (Rounded Down to Nearest Hundred)</b>	<u>\$7,012,500</u>	<u>\$7,012,500</u>	<u>\$6,350,300</u>

**Debt:**

Key	\$3,750,000	\$3,750,000	\$3,750,000
Heller	\$1,350,000	\$1,350,000	<b>\$554,992</b>
Taxes	\$460,936	\$460,936	\$567,172
Charter	\$61,779	\$61,779	\$53,544
Misc.	<u>\$123,831</u>	<u>\$123,831</u>	<u>\$138,667</u>
<b>TOTAL:</b>	<u>\$5,746,546</u>	<u>\$5,746,546</u>	<u><b>\$5,064,375</b></u>

**EXHIBIT**  
**SJ 34**

**TO COMPUTE FEES IN A RFFINANCING TRANSACTION:**

	<b>Initial Form HUD 92264-A, dated 2/15/01 (Exhibit SJ9)</b>	<b>Revised Form HUD 92264-A, dated 4/23/01 (Exhibit SJ11)</b>	<b>Cost Certification Amounts (Substituting Heller Debt of \$554,992)</b>
<b>Step 1. Add the known dollar amounts for:</b>			
A. Existing Indebtedness	\$5,746,546	\$5,746,546	\$5,064,375
B. Repairs	\$328,417	\$328,417 (*)	\$331,911
C. Initial Deposit to Reserve for Replacement	\$550,000	\$550,000	\$550,000
D. Legal	\$30,000	\$30,000	\$43,702
E. Organizational	\$28,350	\$28,350	
F. Title and Recording	\$50,156	\$50,156	\$52,260
G. Other Fees (Arch. Inspection. Engineering)(HUD)	\$3,284	\$3,284	\$3,284
H. GNMA Fee (MBS)	\$0	\$0	\$0
<b>Total:</b>	<b><u>\$6,736,753</u></b>	<b><u>\$6,736,753</u></b>	<b><u>\$6,045,532</u></b>
<b>Step 2. Deduct the amounts of any Replacement Reserve Escrow currently on deposit with the mortgagee</b>			
	\$0	\$0	\$0
<b>Results:</b>	<b><u>\$6,736,753</u></b>	<b><u>\$6,736,753</u></b>	<b><u>\$6,045,532</u></b>
<b>Step 3. Add the known percentages for:</b>			
A. Financing Fee (Initial Service Charge)	2.00%	2.00%	2.00%
B. MIP	1.00%	1.00%	1.00%
C. Exam Fee	0.30%	0.30%	0.30%
D. FNMA Fee	1.50%	1.50%	1.50%
E. Discounts, if Allowable	0.00%	0.00%	0.00%
<b>Total:</b>	<b><u>4.8%</u></b>	<b><u>4.8%</u></b>	<b><u>4.8%</u></b>
<b>Step 4. Subtract the sum from Step 3 from 100%</b>			
	<b><u>95.2%</u></b>	<b><u>95.2%</u></b>	<b><u>95.2%</u></b>
<b>Step 5. Divide the sum from Step 2 by the result from Step 4. The quotient rounded down to the nearest hundred becomes the mortgage amount.</b>			
	<b><u>\$7,076,400</u></b>	<b><u>\$7,076,400</u></b>	<b><u>\$6,350,300</u></b>
<b>Step 6. Compute and total the actual fees based on the mortgage amount determined in Step 5.</b>			
A. Financing Fee (Initial Service Charge)	\$141,528	\$141,528	\$127,006
B. MIP	\$70,764	\$70,764	\$63,503
C. Exam Fee	\$21,229	\$21,229	\$19,051
D. FNMA Fee	\$106,146	\$106,146	\$95,255
E. Discounts, if Allowable	\$0	\$0	\$0
<b>Total:</b>	<b><u>\$339,667</u></b>	<b><u>\$339,667</u></b>	<b><u>\$304,814</u></b>
<b>Step 7. Add to the sum from Step 6, the following:</b>			
A. Legal & Organizational	\$58,350	\$58,350	\$43,702
B. Initial Deposit to Reserve for Replacement	\$550,000	\$550,000	\$550,000
C. Title and Recording	\$50,156	\$50,156	\$52,260
D. GNMA Fee	\$0	\$0	\$0
<b>Total:</b>	<b><u>\$998,173</u></b>	<b><u>\$998,173</u></b>	<b><u>\$950,776</u></b>

(\*) NOTE: For internal consistency, the revised Form HUD-92264-A, dated 4/23/01, should have changed the entry for repairs in the fee computation worksheet (last page of Exhibit SJ11) to \$411,728. This would have resulted in a slightly higher calculation of loan closing charges for the criterion of amount based on existing indebtedness, repairs and loan closing charges, but it would not have affected the mortgage amount determination, which was constrained by the criterion of amount based on value.